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## Washington State Liquor Control Board

Olympia, Washington 98504

December 17, 1976

Mr. John de Yonge  
Editorial Office  
Seattle Post-Intelligencer  
Sixth and Wall  
Seattle, Washington 98121

Dear John:

This is not meant for publication as a letter to the editor, but to provide background for any future editorials.

The editorial in the PI of December 10, 1976, may lead people to believe that the liquor board is prohibiting breweries, wineries and beer and wine distributors from cutting their prices. Nothing could be farther from the truth. They can cut their prices any time they want to, as long as they do not sell for less than cost. This floor on prices is not established by the liquor control board, but by a state law, RCW 19.90, The State Unfair Practices Act, which applies to all commodities, not just liquor. They can even cut below cost under that law, if the reduction is to close out or discontinue some item, or to meet the lower prices of a competitor.

The subject of discussion at the board meeting, December 14, 1976, was the so-called post-offs, which are temporary price reductions of 30 or 60 days, after which the price returns to where it was. Post-offs are prohibited by a rule that has been on the books for many years, far preceding the present liquor control board. But the present board proposed that the prohibition be removed. The beer and wine distributors who attended the meeting en masse--standing room only--objected to a man to the board's proposal. They asserted such tactics are used by the big boys to run the little guys out of business. They said a temporary price reduction by a big guy for 60 days can financially ruin a small operator, and, after the small operator is driven out of business, the big guy boosts his prices to a level higher than they were before, without fear of competition from the bankrupt little guy. That, in effect, was the thrust of the opposition to removing the ban against post-offs. No one appeared in favor of removing the ban. We had hoped to have some

**PLAINTIFF'S  
EXHIBIT**

CASE  
NO. CV04-0360P

EXHIBIT  
NO. 054

WSA03813

TX054\_001

Mr. John de Yonge

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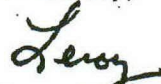
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consumers present. We sent out a news release November 30, that the hearing was going to be held. But, for some reason unknown to us we did not see the announcement in the PI or other newspapers. Perhaps it wasn't news when the board proposed eliminating the ban, but that it was news when the board did not remove the ban after it found 100% opposition and no support.

Since the beer and wine wholesalers control more than 80 percent of the wine market and more than 99 percent of the malt beverage market in Washington, there apparently will be no post-offs on beer and wine.

But, since the liquor control board controls most of the hard liquor market, it will continue, as it has in the past, to take advantage of post-offs from distilleries, and pass the savings on to the people of the State of Washington. There are temporary price reductions in the state liquor stores on several spirituous liquor items almost every month. Every time a distillery offers the board a post-off, the board takes it and reduces the price to its customers during the time the post-off is in effect.

Sincerely,



Leroy M. Hittle  
Member of the Board

LMH/fb

cc: ✓ Mr. Jack C. Hood, Chairman  
Mr. Don Eldridge, Member  
Mr. Robert E. Thompson, Publisher

P.S. I am enclosing a computer print out showing 16 items which will be available at reduced prices in state liquor stores during January, as a result of post-offs which distilleries have made available to the state liquor board, and which the liquor board is passing on to its customers. You will notice one Canadian whiskey will be 30 cents less a fifth, one Scotch Whiskey will be down 40 cents on fifths and 75 cents on halves, and one Gin will be down 45 cents a fifth, during January only.

The print out also shows several wine prices that will be reduced on a long term basis as the result of reductions made by the wineries, which reductions the liquor control board is passing on to its customers.

Enclosure

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